

FIRST REGULAR SESSION

SENATE BILL NO. 422

96TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR LAGER.

Read 1st time March 1, 2011, and ordered printed.

TERRY L. SPIELER, Secretary.

1804S.02I

AN ACT

To repeal sections 393.1030 and 393.1045, RSMo, and to enact in lieu thereof two new sections relating to the renewable energy standard.

Be it enacted by the General Assembly of the State of Missouri, as follows:

Section A. Sections 393.1030 and 393.1045, RSMo, are repealed and two
2 new sections enacted in lieu thereof, to be known as sections 393.1030 and
3 393.1045, to read as follows:

393.1030. 1. The commission shall, in consultation with the department,
2 prescribe by rule a portfolio requirement for all electric utilities to generate or
3 purchase electricity generated from renewable energy resources. Such portfolio
4 requirement shall provide that electricity from renewable energy resources shall
5 constitute the following portions of each electric utility's sales:

- 6 (1) No less than two percent for calendar years 2011 through 2013;
- 7 (2) No less than five percent for calendar years 2014 through 2017;
- 8 (3) No less than ten percent for calendar years 2018 through 2020; and
- 9 (4) No less than fifteen percent in each calendar year beginning in 2021.

10 At least two percent of each portfolio requirement shall be derived from solar
11 energy. The portfolio requirements shall apply to all power sold to Missouri
12 consumers whether such power is self-generated or purchased from another
13 source in or outside of this state. **Until, but not after, December 31, 2022,**
14 a utility may comply with the standard in whole or in part by purchasing
15 RECs. Each kilowatt-hour of eligible energy generated in Missouri shall count
16 as [1.25] **1.75** kilowatt-hours for purposes of compliance. **From 2011 through**
17 **2016, all energy and RECs used to meet the portfolio requirement shall**
18 **be derived from generation located within the territory of the regional**

EXPLANATION—Matter enclosed in bold-faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.

19 **transmission organizations serving electric utilities in the state of**
20 **Missouri. After 2016, all energy and RECs used to meet the portfolio**
21 **requirement shall be derived from generation located in the state of**
22 **Missouri or any contiguous state. Any unused RECs purchased or**
23 **generated by an electric utility from generating sources that were**
24 **eligible under this section at the time of generation may be used for**
25 **compliance in any year for up to three years from the date of their**
26 **creation, notwithstanding any provision of law to the contrary.**

27 2. The commission, in consultation with the department and within one
28 year of November 4, 2008, shall select a program for tracking and verifying the
29 trading of renewable energy credits. An unused credit may exist for up to three
30 years from the date of its creation. A credit may be used only once to comply with
31 sections 393.1020 to 393.1030 and may not also be used to satisfy any similar
32 nonfederal requirement. An electric utility may not use a credit derived from a
33 green pricing program. Certificates from net-metered sources shall initially be
34 owned by the customer-generator. The commission, except where the department
35 is specified, shall make whatever rules are necessary to enforce the renewable
36 energy standard. Such rules shall include:

37 (1) A maximum average retail rate increase of one percent determined by
38 estimating and comparing the electric utility's cost of compliance with least-cost
39 renewable generation and the cost of continuing to generate or purchase
40 electricity from entirely nonrenewable sources, taking into proper account future
41 environmental regulatory risk including the risk of greenhouse gas regulation;

42 (2) Penalties of at least twice the average market value of renewable
43 energy credits for the compliance period for failure to meet the targets of
44 subsection 1. An electric utility will be excused if it proves to the commission
45 that failure was due to events beyond its reasonable control that could not have
46 been reasonably mitigated, or that the maximum average retail rate increase has
47 been reached. Penalties shall not be recovered from customers. Amounts
48 forfeited under this section shall be remitted to the department to purchase
49 renewable energy credits needed for compliance. Any excess forfeited revenues
50 shall be used by the department's energy center solely for renewable energy and
51 energy efficiency projects;

52 (3) Provisions for an annual report to be filed by each electric utility in
53 a format sufficient to document its progress in meeting the targets;

54 (4) Provision for recovery outside the context of a regular rate case of

55 prudently incurred costs and the pass-through of benefits to customers of any
56 savings achieved by an electrical corporation in meeting the requirements of this
57 section.

58 3. Each electric utility shall make available to its retail customers a
59 standard rebate offer of at least two dollars per installed watt for new or
60 expanded solar electric systems sited on customers' premises, up to a maximum
61 of twenty-five kilowatts per system, that become operational after 2009.

62 4. The department shall, in consultation with the commission, establish
63 by rule a certification process for electricity generated from renewable resources
64 and used to fulfill the requirements of subsection 1 of this section. Certification
65 criteria for renewable energy generation shall be determined by factors that
66 include fuel type, technology, and the environmental impacts of the generating
67 facility. Renewable energy facilities shall not cause undue adverse air, water, or
68 land use impacts, including impacts associated with the gathering of generation
69 feedstocks. If any amount of fossil fuel is used with renewable energy resources,
70 only the portion of electrical output attributable to renewable energy resources
71 shall be used to fulfill the portfolio requirements.

72 5. In carrying out the provisions of this section, the commission and the
73 department shall include methane generated from the anaerobic digestion of farm
74 animal waste and thermal depolymerization or pyrolysis for converting waste
75 material to energy as renewable energy resources for purposes of this section.

393.1045. [Any renewable mandate required by law shall not raise the
2 retail rates charged to the customers of electric retail suppliers by an average of
3 more than one percent in any year, and all the costs associated with any such
4 renewable mandate shall be recoverable in the retail rates charged by the electric
5 supplier. Solar rebates shall be included in the one percent rate cap provided for
6 in this section.] **1. Notwithstanding other provisions of this chapter, an
7 electric utility shall not incur annual net costs to comply with the
8 renewable mandates set forth in section 393.1030 in excess of one
9 percent of the annual revenue requirement established by the
10 commission in its most recent general rate proceeding.**

11 **2. An electric utility's annual net costs under subsection 1 of this
12 section shall be determined as follows:**

13 **(1) First, the following costs shall be added:**

14 **(a) Annual costs associated with owning, operating, and
15 maintaining renewable energy resources used for compliance with**

16 section 393.1030;

17 (b) Annual costs of purchased renewable energy credits;

18 (c) Annual costs of solar rebates;

19 (d) Annual renewable energy purchases utilized for compliance
20 with section 393.1030;

21 (e) Annual administrative and general costs related to
22 compliance with section 393.1030; and

23 (f) Additional costs incurred to integrate a renewable energy
24 resource due to its intermittent operating characteristics; and

25 (2) Second, the annual value of any renewable energy purchased
26 or produced by the electric utility's renewable energy resources used
27 for compliance with section 393.1030 shall be subtracted from the sum
28 in subdivision (1) of this subsection.

29 3. The annual value in subdivision (2) of subsection 2 of this
30 section shall for each hour of the annual period be calculated by
31 multiplying the energy produced from such resources in that hour by
32 the actual wholesale price of energy in the electric utility's service
33 territory as reflected by the regional transmission organization's real-
34 time hourly energy market prices within which the electric utility
35 operates for that hour and totaling those products for the entire annual
36 period.

37 4. All the reasonable and prudent costs of complying with the
38 renewable mandates under section 393.1030 shall be recoverable in the
39 retail rates charged by the electric utility.

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